

Impact on CIA of Higher Retirement Age and Related Changes

- Retirement at 50 made available in recognition of dangers and burdens of the work, early burn-out potential and need for prospect of rapid advancement to attract quality of recruits required.
- People who committed their careers on this basis view withdrawal as a breach of faith.
- All at CIA believe that our best and most valuable people are likely to leave in large numbers to begin second careers now if retirement terms are significantly altered.
- Enough will leave to seriously set back rebuilding of intelligence currently under way and result in loss of critical skills.
- Managers are deeply concerned that extending the age of retirement, as contemplated by the retirement proposals and the Social Security legislation, will make it difficult to retain current employees and attract new individuals possessing critical skills who are willing to make a career in intelligence. We cannot maintain either security or a professional intelligence service if we must rely upon people who are only willing to come to CIA for a few years of excitement and then feel that they must leave in order to earn a salary and retirement benefits appropriate to their skills.
- Loss of early retirement would impair our ability to compete with the private sector for high-level talent in critical scientific and technological areas, where we are currently able to hold people who can double their earnings any day. We'd lose hundreds of these people very quickly if the arrangements on which they rely for their family's security were suddenly taken away.
- We are in trouble if we begin to attract persons who come to or stay at CIA only because they have no other employment opportunities. Before they reach age 65, CIA officers are often compromised and their effectiveness diminished; others are not up to the particular rigors of Agency assignments.
- Retirement at ages earlier than elsewhere in the government also has been a key feature of our personnel management system because such attrition created sufficient promotion opportunities for promising officers. Extending the retirement age will have a devastating long-term impact on the promotion aspirations of our best young officers and will impair the ability of Agency managers to attract and retain skilled professional employees.



Washington, D.C. 20505

24 March 1983

The President
The White House
Washington, D.C. 20500

Dear Mr. President:

I appreciate the opportunity you gave me last week to discuss my deep concern that certain proposals for changes in the Federal retirement system set forth in the Fiscal Year 1984 Budget would have a severe impact on the Central Intelligence Agency. A detailed report on this matter has been given to a member of your Staff.

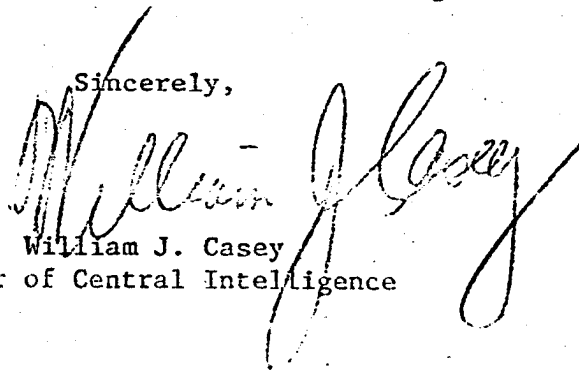
My concern is primarily over those changes which will force employees to work longer in order to earn a full retirement annuity. These changes directly impact on my responsibility as Director and our management of Agency personnel, both those covered by the Civil Service Retirement Act and the limited number who qualify for the Agency's special retirement system.

As far back as 1959, CIA established a policy which encouraged employees to retire at ages substantially earlier than elsewhere in the Federal Government. The policy was established for several reasons: to recognize those aspects of Agency employment where individuals serve anonymously under conditions involving personal sacrifice, stress, and often danger; to maintain a rigorous and productive work-force which is fully and quickly responsive to the Nation's intelligence needs; and to ensure an effective career development program which provides and manages advancement to positions of increasing responsibility. That retirement policy--which has served the Agency exceedingly well these past 24 years--remains an integral part of the Agency's personnel management system. It helps maintain the extremely high level of performance required by CIA's mission and responsibilities by providing the attrition necessary for both career development and recruitment of new employees.

Lengthening the service of Agency employees by as much as ten years would seriously impair the ability of Agency management to move promising individuals up through the ranks. Our mid-career personnel would be hardest hit by the retirement age increase and annuity reduction proposals, and we cannot run the risk that many might choose to leave now rather than face the consequences of these changes.

You know that I fully support your efforts to cut the cost of government and it is for this reason that I was reluctant to seek relief from the proposed retirement changes. I fear, however, that the retirement age increase and annuity reduction proposals will make it exceedingly difficult for us to manage the CIA and to contribute further to your effort to revitalize and enhance the Agency's intelligence capability and product. I request, therefore, that you approve an exemption for CIA from the retirement age increase and annuity reduction proposed in the Fiscal Year 1984 Budget. If you approve, a letter conveying appropriate instructions to the Director, Office of Management and Budget is attached for your consideration.

Sincerely,

A large, stylized handwritten signature in dark ink, appearing to read 'William J. Casey', is written over the typed name and title.

William J. Casey
Director of Central Intelligence

Enclosure



Washington, D.C. 20505

24 March 1983

The Honorable David A. Stockman
Director, Office of Management and Budget
Washington, D.C. 20503

Dear Dave:

Last week I conveyed to the President my special concern that certain proposals for changes in the Federal retirement system set forth in the Fiscal Year 1984 Budget would have a severe impact on the Central Intelligence Agency.

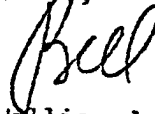
My concern is primarily over those changes which will force employees to work longer in order to earn a full retirement annuity. These changes directly impact on my responsibility as Director and our management of Agency personnel, both those covered by the Civil Service Retirement Act and the limited number who qualify for the Agency's special retirement system.

As far back as 1959, CIA established a policy which encouraged employees to retire at ages substantially earlier than elsewhere in the Federal Government. The policy was established for several reasons: to recognize those aspects of Agency employment where individuals serve anonymously under conditions involving personal sacrifice, stress, and often danger; to maintain a rigorous and productive work-force which is fully and quickly responsive to the Nation's intelligence needs; and to ensure an effective career development program which provides and manages advancement to positions of increasing responsibility. That retirement policy--which has served the Agency exceedingly well these past 24 years--remains an integral part of the Agency's personnel management system. It helps maintain the extremely high level of performance required by CIA's mission and responsibilities by providing the attrition necessary for both career development and recruitment of new employees.

Lengthening the service of Agency employees by as much as ten years would seriously impair the ability of Agency management to move promising individuals up through the ranks. Our mid-career personnel would be hardest hit by the retirement age increase and annuity reduction proposals, and we cannot run the risk that many might choose to leave now rather than face the consequences of these changes.

You know that I fully support the efforts you and the President are making to cut the cost of government and it is for this reason that I was reluctant to seek relief from the proposed retirement changes. I fear, however, that the retirement age increase and annuity reduction proposals will make it exceedingly difficult for us to manage the CIA and to contribute further to the effort to revitalize and enhance the Agency's intelligence capability and product. The President indicated a desire to develop a method of preserving the special systems which have contributed to performance in critical areas and I will stop by after the Easter recess to discuss possibilities with you.

Yours,

A handwritten signature in dark ink, appearing to read "Bill", written over the typed name.

William J. Casey
Director of Central Intelligence

16 Mar 83

Prepared by DD/Pers
for DCI to give
to the President

Central Intelligence Agency



Washington, D.C. 20505

The President
The White House
Washington, D.C. 20500

Dear Mr. President:

I appreciate the opportunity you gave me last week to discuss my deep concern that certain proposals for changes in the Federal retirement system set forth in the Fiscal Year 1984 Budget would have a severe impact on the Central Intelligence Agency. A detailed report on this matter has been given to a member of your Staff.

My concern is primarily over those changes which deal with retirement age increases and reductions in annuities for early retirement because these directly impact on my responsibility as Director and our management of Agency personnel, both those covered by the Civil Service Retirement Act and the limited number who qualify for the Agency's special retirement system.

As far back as 1959, CIA established a policy which encouraged employees to retire at ages substantially earlier than elsewhere in the Federal Government. This policy was based on the conviction that the CIA mission could not be accomplished if we could not attract and retain on a career basis persons of the highest intellect, integrity, professionalism, dedication and dynamism. The quality of our personnel and their performance has been maintained by a development program which provides a career-long blend of formal training and managed progression to positions of increasing responsibility. That retirement policy--which has served the Agency exceedingly well these past 24 years--remains an integral part of the Agency's personnel management system. It helps maintain the extremely high level of performance required by CIA's mission and responsibilities by providing the attrition necessary for both career development and recruitment of new employees.

Lengthening the service of Agency employees by as much as ten years would seriously impair the ability of Agency management to move promising individuals up through the ranks. Our mid-career personnel would be hardest hit by the retirement age increase and annuity reduction proposals, and we

cannot run the risk that many might choose to leave now rather than face the consequences of these changes.

You know that I fully support your efforts to cut the cost of government and it is for this reason that I was reluctant to seek relief from the proposed retirement changes. I fear, however, that the retirement age increase and annuity reduction proposals will make it exceedingly difficult for me to manage the CIA and to contribute further to your effort to revitalize and enhance the Agency's intelligence capability and product. I request, therefore, that you approve an exemption for CIA from the retirement age increase and annuity reduction proposed in the Fiscal Year 1984 Budget. If you approve, a letter conveying appropriate instructions to the Director, Office of Management and Budget is attached for your consideration.

Sincerely,

William J. Casey
Director of Central Intelligence

Enclosure

David A. Stockman, Director
Office of Management and Budget
Washington, D.C. 20503

Dear Dave:

Bill Casey has discussed with me specific concerns he has with the retirement age increases and reductions in annuities for early retirement for Federal employees proposed in the Fiscal Year 1984 Budget. I am informed that a detailed review of these concerns has been provided to your Staff.

Bill described a long-standing Agency retirement policy that encourages retirement at ages earlier than elsewhere in the government. He and his senior managers believe that lengthening the age at which employees can earn a full annuity would have a devastating, long-term impact on his key mid-level personnel and will seriously impair the CIA's ability to fulfill its mission. Of equal concern to him is the impact that these proposals would have on the Agency's special retirement program designed primarily to recognize the hardships and special nature of overseas intelligence service.

I am persuaded that Bill indeed would have a very serious problem if these proposals were enacted without considering CIA's special requirements. Accordingly, please ensure that an exemption from the retirement age increase and annuity reduction proposal is granted for CIA personnel, both those covered by the Civil Service Retirement Act and the CIA Retirement and Disability system.

I have asked Bill to get in touch with you directly on the best way to effect this exemption.

Sincerely,

Ronald Reagan

*23 items on
Retirement Reforms
for WCC - Cal. Juty
in 24 Mar 53*

DCI BRIEFING ITEMS FOR
CABINET DISCUSSION OF RETIREMENT REFORMS

I. Introductory Points

- We are supportive of the Administration's efforts to cut government costs and reform certain aspects of the government's compensation and benefits program.
- I fear that the retirement age increase and annuity penalty reduction proposals will impede your effort to revitalize and enhance the Agency's intelligence capability and product.
- The CIA has a long established policy which encourages employees to retire at ages substantially earlier than elsewhere in government (56.9 under Civil Service and 52.8 under CIARDS).
- This policy has been based on the recognition that the Agency's vital missions require the recruitment and retention of a corps of careerists performing their operational, analytical or support duties with substantial dynamism, high motivation and unflagging dedication throughout a career of 20 to 30 years.
- The early retirement provisions of the Civil Service Retirement and CIARDS systems have served the Agency exceedingly well by providing management tools to attract new recruits, provide timely career progression, and encourage retirement of personnel when CIA management prefers that they retire.
- Extending the retirement age would seriously impair the ability of Agency management to maintain employee progression and "flow through" so essential to maintaining maximum effectiveness in meeting requirements.
- The combined attractiveness of the Agency's current career opportunity and benefits package has greatly assisted in the recruitment and retention of critically needed professionals and offsets the relatively lower starting salaries that we can offer as compared to what the private sector offers these high calibre individuals.

II. Specific Impacts of Increase Retirement Age and Penalty Proposals

- Loss of early retirement incentives will severely reduce on-board employee rotations and retirements and dry up promotion opportunities for all employee levels.
- Loss of many of our more senior and most valuable employees now eligible for early retirement when faced with the loss of opportunities for further advancement.
- Loss of the most promising of our mid-level and younger officers who would seek careers elsewhere when blockages for assignments and advancement occur.

- Increased turnover in the ranks of intelligence personnel will make it increasingly difficult to safeguard national security information.
- Loss of sufficient inducement to effectively compete with the private sector for high level talent in critical scientific and technical areas, specialized analysts, computer specialists, and similar "hard to get" categories.
- Approximately 20 percent of the Agency's employees are covered by the CIA Retirement and Disability System (CIARDS). This special retirement system offers voluntary nonreduced annuities for members at age 50 with 20 years of service. The system was instituted in 1964 in recognition of the frequently dangerous and adverse work and living conditions and early "burnout" faced by individuals serving the overseas activities of the CIA.
- Termination of the ability to offer the operational cadre retirement with full benefits at age 50 would have a devastating impact on the clandestine service both as regards recruitment of young officers and retention of the on-board cadre.
- By the time they reach early retirement eligibility many CIA officers are compromised and are encouraged to retire with the diminution of their effectiveness.